

# FOOD INDUSTRY IN HUNGARY'S SOUTHERN GREAT PLAIN REGION

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## 1. INTRODUCTION

There is an ongoing research at the Faculty of Engineering to collect information in the Southern Great Plain Region about the data, the data sources and information systems food industry managers use to make decisions. To optimize the collection of the information necessary to achieve our goals, some secondary research had to be done and this paper presents the data acquired.

Due to its strategic importance food industry is traditionally significant in the Hungarian national economy. Although the ratio of food industry is decreasing compared to other branches of the national economy, its share in the gross domestic product (GDP) is still significant. The GDP (at current prices) was 21,802 billion HUF in 2005 and from this amount of GDP (at current prices) the production value of the food industry branch was close to 2,000 billion HUF. (Average exchange rate in 2005: 1 USD = 199.66 HUF)

The structure of the Hungarian food industry conforms to the capabilities of the Hungarian agriculture and to the structure of the food consumption. The Hungarian food industry processes basically domestic raw material and buys up 75 percent of the goods output by the agriculture. The share of sectors performing primary process of the agricultural products is 66 percent of the production.

The role of Central Hungary is the most remarkable in food processing with a share of one third. This region's share in production has grown 9 percent in the last 10 years. Considering the production value there was also some noticeable growth in the Southern Transdanubia region. In other regions, like in the Southern Great Plain Region, the importance of the food industry has decreased.

## 2. THE POSITION AND THE ECONOMY OF THE SOUTHERN GREAT PLAIN REGION

The Southern Great Plain Region is the biggest region in Hungary (see figure 1). It makes up 19.6 percent of Hungary's territory with 18,256 square kilometres. Thirteen percent of the country's population, 1,353,433 people live there.



Figure 1. The Southern Great Plain Region in Hungary

The forming of the region's economy was influenced by natural fundamentals and history also affected the economic development: The major part of the produced goods fell into the hands of the Ottoman Empire in the 16th and 17th century, the population settled in to survive. The scarcely populated southern area of the region became populated in the 18th century, while Kecskemét and Szeged became significant towns of the country. The historical events of the 20th century also had a great impact on the situation of the people living in the region: in the beginning of the century, from the favourable position of the geographical centre, they have found themselves on the south-eastern brink of the country.

The economy of the Southern Great Plain Region goes through a constant transformation since the 1990s like all the other regions of the country. Although the sectors in crisis were essentially missing from here, due to the unfavourable processes accompanying the economic transform the industry got into trouble. The changes in the region did not affect the different sectors evenly. One loser was the food industry where the production fell back above the country average. The volume of the production significantly decreased since the 1990s and especially since the second half of the decade. Despite the recession the food industry established on the excellent agricultural fundamentals retained its leading role in the industry of the region. This can be proven by the production, the sales and by the number of employees.

The territory has a share of about 9 percent from the country's GDP (or about 14 percent without the capital city). The GDP per capita was about 1,400 thousand HUF in 2005 which is 68-69 percent of the national average. This performance was sufficient to reach the fifth place among the rank of seven Hungarian regions. According to EU data the GDP per capita (in purchase power standards) of the region is about 40 percent of the EU average.

### **3. FOOD INDUSTRY IN THE REGION**

The sector's share in the GDP shows the importance of the food industry very well. Six percent of the region's GDP is produced by the food industry. This is 25 percent of the industrial GDP which is greater than the national average by three third. The enterprises in the region contribute almost 15 percent to the GDP of the Hungarian food industry. Grain farming and animal husbandry became determining in the region based on the traditions. The food production of grain industry, meat industry, canning and dairy plants represent 20-25 percent of the national production.

The agricultural products produced in the region ensure the utilization of the settled food industry capacity (for example manufacture of fodder and milling industry). The quantity of the vegetal products usually exceeds the sector's raw material demand, so the food industry plants can buy up most of the necessary material within the region. Békés county's role is significant in supplying the milling and fodder industry mainly relying on the local agriculture. Bács-Kiskun county has an important role in supplying the tinning industry which is also based mainly on local material. The situation is slightly different in the case of animal products. Almost 30 percent of the fat stock and the milk bought by the food industry are from other parts of the country mainly because of quality problems. Among the most important animal products Csongrád county is the leader in supplying beef cattle and pork and Bács-Kiskun leads in the poultry supply (with the exception of the turkey).

Decrease of the production in the last decade lead to a significant decrease in the sector's number of employees. The rate of the decrease in the number of employees working in the food industry sectors of the region was much higher than the national



average. Even so their proportion within the industrial employees is still much higher here in the region than in the country.

#### 4. SOME FOOD INDUSTRY DATA OF THE REGION

Most of the headquarters of the enterprises involved in the production of food and beverages in the Southern Great Plain Region can be found in Bács-Kiskun county: 62 percent; 20 percent of the enterprises are in Békés and 18 percent of them are in Csongrád county. Table 1 shows the management forms of the enterprises in the counties. The most popular form is the limited liability company, more than 68 percent of the enterprises in the region is operating in this form (and almost two third of them can be found in Bács-Kiskun county). Limited partnerships have a share of 23 percent and almost 4 percent of the enterprises are companies limited by share. The ratio of other management forms is insignificant.

Table 1

Distribution of enterprises involved in food and beverages production  
by counties and management forms (2006)

Management forms	Counties			Region
	Bács-Kiskun	Békés	Csongrád	
Agricultural co-operative	0,70%	0,00%	1,22%	0,65%
Company limited by shares	3,14%	4,81%	4,88%	3,78%
Limited partnership	19,86%	31,55%	22,56%	22,70%
Limited liability company	72,13%	59,36%	67,07%	68,65%
Other co-operative	2,61%	2,14%	3,05%	2,59%
Unlimited general partnership	1,57%	2,14%	1,22%	1,62%
Total	100,00%	100,00%	100,00%	100,00%

Management forms	Counties			Region
	Bács-Kiskun	Békés	Csongrád	
Agricultural co-operative	66,67%	0,00%	33,33%	100,00%
Company limited by shares	51,43%	25,71%	22,86%	100,00%
Limited partnership	54,29%	28,10%	17,62%	100,00%
Limited liability company	65,20%	17,48%	17,32%	100,00%
Other co-operative	62,50%	16,67%	20,83%	100,00%
Unlimited general partnership	60,00%	26,67%	13,33%	100,00%
Total	62,05%	20,22%	17,73%	100,00%

Source: Hungarian Central Statistical Office

Table 2 shows the distribution of food and beverages production in the region and in the counties.

Most of the food industry enterprises in Bács-Kiskun county are involved in activities like: manufacture of wines (33,1%); manufacture of bread, manufacture of fresh pastry goods and cakes (13,2%); processing and preserving of fruit and vegetables (6,8%); production and preserving of meat (6,5%); manufacture of mineral waters and soft drinks (5,4%). There is no processing and preserving of fish and fish products or manufacture of margarine and similar edible fats in the county.

Most of the food industry enterprises in Békés county are involved in activities like: manufacture of bread, manufacture of fresh pastry goods and cakes (30,5%); production and preserving of meat (9,1%); manufacture of prepared feeds for farm animals (8,6%); manufacture of mineral waters and soft drinks (5,9%); manufacture of distilled potable alcoholic beverages (5,4%); processing and preserving of fruit and vegetables (5,4%); manufacture of grain mill products (5,4%). There are no enterprises involved in manufacture of wines, processing and preserving potatoes, manufacture of sugar,

manufacture of other non-distilled fermented beverages, manufacture of refined oils and fats, manufacture of condiments and seasonings, manufacture of fruit and vegetable juice or manufacture of cider and other fruit wines.

In Csongrád county production of most of the food industry enterprises include: manufacture of bread, manufacture of fresh pastry goods and cakes (20,1%); processing and preserving of fruit and vegetables (14,0%); production and preserving of meat (11,0%); manufacture of mineral waters and soft drinks (7,9%); manufacture of condiments and seasonings (5,5%); manufacture of other food products (5,5%). There are no enterprises involved in activities like: processing and preserving potatoes, manufacture of sugar, manufacture of fruit and vegetable juice, processing and preserving of fish and fish products, manufacture of homogenized food preparations and dietetic food, manufacture of margarine and similar edible fats or processing of tea and coffee.

Table 2

## Distribution of food industry activities (2006)

Activities	Bács-Kiskun	Békés	Csongrád	Region
Man. of wines	33,10%	-	4,27%	21,30%
Man. of bread, man. of fresh pastry goods and cakes	13,24%	30,48%	20,12%	17,95%
Proc. and preserv. of fruit and vegetables	6,79%	5,35%	14,02%	7,78%
Prod. and preserv. of meat	6,45%	9,09%	10,98%	7,78%
Man. of mineral waters and soft drinks	5,40%	5,88%	7,93%	5,95%
Man. of prepared feeds for farm animals	3,83%	8,56%	3,66%	4,76%
Man. of distilled potable alcoholic beverages	3,31%	5,35%	3,66%	3,78%
Man. of cocoa chocolate and sugar confectionery	3,83%	4,28%	1,83%	3,57%
Prod. and preserving of poultry meat	3,48%	3,74%	3,05%	3,46%
Man. of macaroni, noodles, couscous and similar farinaceous products	3,31%	4,28%	2,44%	3,35%
Man. of grain mill products	2,44%	5,35%	3,05%	3,14%
Man. of condiments and seasonings	2,61%	-	5,49%	2,59%
Prod. of meat and poultry meat products	0,87%	2,67%	4,27%	1,84%
Operation of dairies and cheese making	1,39%	2,14%	3,05%	1,84%
Man. of beer	1,39%	2,67%	1,22%	1,62%
Man. of rusks and biscuits, man. of preserved pastry goods and cakes	1,39%	2,67%	0,61%	1,51%
Man. of crude oils and fats	1,22%	0,53%	1,22%	1,08%
Man. of ethylalcohol from fermented materials	0,70%	0,53%	1,22%	0,76%
Man. of prepared pet foods	0,87%	0,00%	0,61%	0,65%
Man. of fruit and vegetable juice	0,87%	-	-	0,54%
Man. of refined oils and fats	0,35%	-	0,61%	0,32%
Man. of homogenized food preparations and dietetic food	0,35%	0,53%	-	0,32%
Man. of other non-distilled fermented beverages	0,17%	-	0,61%	0,22%
Man. of cider and other fruit wines	0,17%	-	0,61%	0,22%
Proc. of tea and coffee	0,17%	0,53%	-	0,22%
Proc. and preserv. potatoes	0,17%	-	-	0,11%
Man. of sugar	0,17%	-	-	0,11%
Proc. and preserv. of fish and fish products	-	0,53%	-	0,11%
Man. of margarine and similar edible fats	-	0,53%	-	0,11%
Man. of other food products	1,92%	4,28%	5,49%	3,03%
Total	100,00%	100,00%	100,00%	100,00%

Source: Hungarian Central Statistical Office



There is some kind of food industry production in 156 settlements of the region. Table 3 shows the most important settlements in the region considering food industry. The table lists settlements where there are five or more enterprises engaged in the production of food and beverages.

Table 3

## Number of food industry enterprises in some settlements (2006)

	Headquarter	No. of enterprises		Headquarter	No. of enterprises
Bács-Kiskun	Kecskemét	105	Békés	Békéscsaba	30
	Kiskőrös	81		Szarvas	20
	Soltvadkert	36		Gyula	16
	Kiskunfélegyháza	27		Orosháza	15
	Baja	26		Mezőberény	9
	Kiskunhalas	22		Békés	8
	Izsák	19		Tótkomlós	7
	Kalocsa	15		Kondoros	5
	Kecel	14	Csongrád	Szeged	67
	Kerekegyháza	14		Hódmezővásárhely	16
	Akasztó	13		Szentes	13
	Kiskunmajsa	11		Asóthalom	7
	Lajosmizse	10		Csongrád	7
	Császártöltés	9		Makó	6
	Szabadszállás	9		Kistelek	5
	Tiszakécske	9		Mórahalom	5
	Tabdi	8			
	Lakitelek	7			
	Csengőd	6			
	Harta	6			
	Sükösd	6			
	Helvécia	5			
	Jánoshalma	5			
	Solt	5			
	Soltszentimre	5			
	Vaskút	5			

Source: Hungarian Central Statistical Office

Table 4 shows the distribution of food industry enterprises by revenue category. 44 percent of the enterprises in the region have revenue less than 20 million HUF, 12 percent of the firms have annual revenue between 21 and 50 million HUF, 22 percent have annual revenues between 51 and 300 million HUF and only 16 percent of the enterprises have higher annual revenues. (Seven percent of the enterprises did not provide revenue data.)

Table 4

## Distribution of food industry enterprises based on revenue categories (2006)

Revenue category	Counties			Region
	Bács-Kiskun	Békés	Csongrád	
0-20 million HUF	44,60%	40,64%	43,90%	43,68%
21-50 million HUF	11,32%	11,76%	12,80%	11,68%
51-300 million HUF	19,69%	26,74%	25,00%	22,05%
301-500 million HUF	4,18%	5,35%	4,88%	4,54%
501-700 million HUF	2,79%	1,60%	1,22%	2,27%
701-1000 million HUF	2,96%	1,07%	4,27%	2,81%
1001-2500 million HUF	3,83%	3,21%	1,83%	3,35%
2501-4000 million HUF	1,05%	0,00%	0,00%	0,65%
Over 4001 million HUF	1,57%	2,14%	2,44%	1,84%
Unknown	8,01%	7,49%	3,66%	7,14%
Total	100,00%	100,00%	100,00%	100,00%

Source: Hungarian Central Statistical Office

Table 5 shows the distribution of employees by staff categories working in food industry enterprises in the counties of the region. There are less than 10 people employed in 63 percent of the enterprises in the region. There are 10 to 100 employees working in 26 percent of the food industry enterprises and there are only 4 percent of firms where there are more employees. (The number of working staff is unknown in 7 percent of the enterprises.)

Table 5

## Distribution of number of employees in food industry enterprises (2006)

Staff category	Counties			Region
	Bács-Kiskun	Békés	Csongrád	
0 person	16,20%	13,90%	10,98%	14,81%
1 person	19,69%	10,16%	15,85%	17,08%
2 persons	9,23%	8,56%	7,32%	8,76%
3-4 persons	7,67%	9,63%	10,98%	8,65%
5-9 persons	11,67%	13,37%	18,90%	13,30%
10-19 persons	9,58%	14,97%	14,02%	11,46%
20-49 persons	9,23%	14,44%	9,15%	10,27%
50-99 persons	3,66%	5,35%	5,49%	4,32%
100-149 persons	1,57%	1,60%	1,83%	1,62%
150-199 persons	0,87%	0,00%	0,00%	0,54%
200-249 persons	0,87%	0,00%	0,00%	0,54%
250-299 persons	0,52%	0,00%	0,61%	0,43%
300-499 persons	0,35%	0,53%	0,00%	0,32%
500-999 persons	0,17%	1,07%	0,61%	0,43%
1000-1999 persons	0,17%	0,00%	1,22%	0,32%
Unknown	8,54%	6,42%	3,05%	7,14%
Total	100,00%	100,00%	100,00%	100,00%

Source: Hungarian Central Statistical Office

## 5. SIGNIFICANT FOOD INDUSTRY ENTERPRISES

Currently there are 54 food industry enterprises which have annual revenue of more than 1 billion HUF. More than two third of these significant enterprises can be found in Bács-Kiskun county: 69 percent, 37 enterprises. There are 10 big companies in Békés county (19 percent) and there are 7 companies (13 percent) in Csongrád county. As it can be seen in table 6, these bigger enterprises employ different number of workers. Some of them employ only a few people but there are also firms that give work to hundreds or thousands of workers.

Table 6

Number of employees in the significant food industry enterprises (2006)

Staff category	Enterprises	
	number	%
5-9 persons	1	1,85%
10-19 persons	1	1,85%
20-49 persons	12	22,22%
50-99 persons	9	16,67%
100-149 persons	9	16,67%
150-199 persons	4	7,41%
200-249 persons	4	7,41%
250-299 persons	4	7,41%
300-499 persons	3	5,56%
500-999 persons	4	7,41%
1000-1999 persons	3	5,56%
Total	54	100,00%

Source: Hungarian Central Statistical Office

The last table shows some data about the most significant food industry enterprises (annual revenue above 1 billion HUF): their headquarters, the number of companies, the revenue and the fields of activity.



Table 7

## Headquarter, number and main activities of significant food industry enterprises (2006)

County	Headquarter	Number of enterprises	Activity
Bács-Kiskun	Akasztó	1	Manufacture of wines
	Baja	3	Processing and preserving of fruit and vegetables, Manufacture of grain mill products, Production and preserving of poultry meat
	Bócsa	1	Manufacture of wines
	Csávoly	1	Processing and preserving of fruit and vegetables
	Érsekhalma	1	Manufacture of fruit and vegetable juice
	Izsák	1	Manufacture of wines
	Kalocsa	2	Manufacture of condiments and seasonings, Manufacture of rusks and biscuits, manufacture of preserved pastry goods and cakes
	Kecskemét	7	Manufacture of macaroni, noodles, couscous and similar farinaceous products, Manufacture of distilled potable alcoholic beverages, Processing and preserving of fruit and vegetables, Manufacture of condiments and seasonings, Manufacture of rusks and biscuits, manufacture of preserved pastry goods and cakes, Manufacture of other food products
	Kerekegyháza	1	Production and preserving of poultry meat
	Kiskőrös	4	Manufacture of distilled potable alcoholic beverages, Manufacture of wines, Manufacture of distilled potable alcoholic beverages
	Kiskunfélegyháza	4	Manufacture of bread, manufacture of fresh pastry goods and cakes, Processing and preserving of fruit and vegetables, Production and preserving of poultry meat, Production and preserving of meat
	Kiskunhalas	1	Production and preserving of poultry meat
	Kiskunmajsa	1	Manufacture of wines
	Lajosmizse	1	Production and preserving of meat
	Nyárlőrinc	2	Manufacture of wines, Manufacture of mineral waters and soft drinks
	Páhi	1	Production and preserving of meat
	Soltszentimre	1	Manufacture of wines
Békés	Soltvadkert	1	Manufacture of wines
	Sükösd	1	Manufacture of condiments and seasonings
	Tabdi	2	Manufacture of distilled potable alcoholic beverages, Manufacture of wines
	Békés	1	Manufacture of prepared feeds for farm animals
	Békéscsaba	4	Processing and preserving of fruit and vegetables, Production of meat and poultry meat products, Processing and preserving of fruit and vegetables, Manufacture of grain mill products, Production and preserving of meat
	Gyula	1	Production and preserving of meat
Csongrád	Órmenyút	1	Operation of dairies and cheese making
	Szarvas	2	Production and preserving of meat, Production and preserving of poultry meat
	Szeghalom	1	Manufacture of prepared feeds for farm animals
	Kistelek	1	Operation of dairies and cheese making
	Szeged	5	Processing and preserving of fruit and vegetables, Production of meat and poultry meat products, Manufacture of condiments and seasonings, Operation of dairies and cheese making
	Szentes	1	Production and preserving of poultry meat

Source: Hungarian Central Statistical Office



By name, the significant enterprises of the region are the following:

- Manufacture of bread, manufacture of fresh pastry goods and cakes: P&P Pékárukészítő és Értékesítő Kft;
- Manufacture of condiments and seasonings: Kalocsai Fűszerpaprika Zrt; Univer-Product Termelő és Kereskedelmi Zrt; Házi Piros Paprika Felvásárló és Feldolgozó Kft; Szegedi Paprika Fűszer- és Konzervgyártó Zrt;
- Manufacture of distilled potable alcoholic beverages: Kecskeméti Likőripari Palackozó és Kereskedelmi Zrt; All Stars Drink Ipari, Kereskedelmi és Szolgáltató Kft; Körös-Royal Ipari, Szolgáltató és Kereskedelmi Kft; Kunság-Szesz Szeszipari Zrt; Shark-Gate Élelmiszeripari és Kereskedelmi Kft;
- Manufacture of fruit and vegetable juice: Első Magyar Gyümölcsfeldolgozó és Gyümölcslégyártó Zrt;
- Manufacture of grain mill products: Diamant International Malom Kft; Agrimill-Agrimex Gabonafeldolgozó és Gabonakereskedelmi Nyrt;
- Manufacture of macaroni, noodles, couscous and similar farinaceous products: Humán Foglalkoztató Kft;
- Manufacture of mineral waters and soft drinks: Maspex Olympos Üdítőital Gyártó Kft;
- Manufacture of prepared feeds for farm animals: Bétak Takarmányfeldolgozó Szolgáltató és Kereskedelmi Kft; Helvécia Protein Trade Termelő és Kereskedelmi Kft;
- Manufacture of rusks and biscuits, manufacture of preserved pastry goods and cakes: Karamell-Snack Élelmiszergyártó Kft; Fornetti Fagyasztott Pékáru-Termelő és Kereskedelmi Kft;
- Manufacture of wines: Kiskun-Vin Mezőgazdasági, Kereskedelmi és Szolgáltató Kft; Weinhaus Borászati, Termelő, Kereskedelmi és Szolgáltató Kft; Cavern Italgyártó Zrt; Domro Borgazdaság Kereskedelmi és Szolgáltató Kft; Grape-Vine Bortermelő és Kereskedelmi Kft; Szikrai Borászati Kft; Kute Termelő és Kereskedelmi Kft; "Jóreménység" Borászati, Műanyagipari és Szolgáltató Szakszövetkezet; Kiss és Társai Kereskedelmi, Termelő és Szolgáltató Kft;
- Operation of dairies and cheese making: Kisteleki M+M Sajtgyártó Kft; Szarvasi Mozzarella Élelmiszeripari Előállító és Kereskedelmi Kft; Sole-Mizo Tejterméket Gyártó, Forgalmazó és Szolgáltató Zrt;
- Processing and preserving of fruit and vegetables: Csabai Tartósítóipari Zrt; Almex 96 Export-Import Nagykereskedelmi Kft; Békéscsabai Hűtőipari Zrt; Mogyi Kereskedelmi Kft; Kecskeméti Konzervgyártó és Kereskedelmi Kft; Kecskeméti Konzervgyár Zrt; Kochs Torma Hungaria Kft; Mezőker Ipari és Kereskedelmi Kft; Szentmihályi Új Élet Élelmiszeripari Feldolgozó, Növénytermelő és Kereskedelmi Kft;
- Production and preserving of meat: Gyulai Húskombinát Zrt; Hungary-Meat Élelmiszeripari Termelő, Szolgáltató és Kereskedelmi Kft; Olivia Élelmiszerfeldolgozó Kft; Royal Hús Ipari-Kereskedelmi-Szolgáltató Kft; "Alföldi-Hús" Élelmiszeripari és Kereskedelmi Zrt;
- Production and preserving of poultry meat: "Bácska" Agrár-Ipari Zrt; "Gall-Vital" Baromfifeldolgozó és Kereskedelmi Kft; Integrál Áfész Kiskunfélegyháza; Kiskunhalasi Baromfifeldolgozó Zrt; Gallicoop Pulykafeldolgozó Zrt; Hungerit Baromfifeldolgozó és Élelmiszeripari Zrt;

Production of meat and poultry meat products: Csabahús Élelmiszeripari Termelő Szolgáltató és Tanácsadó Kft; Pick Szeged Szalámigyár és Húsüzem Zrt;

– Manufacture of other food products: Nissin Foods Élelmiszerek Magyarországi Kft.

## 6. CONCLUSION

Despite the changes in the last fifteen years the several food industry enterprises which can be found in the Southern Great Plain Region still play a significant role in the economy of the territory and employ a remarkable number of employees.

These food industry enterprises of the region show diversity in their activities, economic strength and location.

As a result of the secondary research it is possible to efficiently define which large and medium-size enterprises are worthy to be added to the research, and which settlements are significant regarding the number of enterprises. These pieces of information provide valuable help to organize the research, optimally arrange the survey and plan the costs.

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